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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, SEPTEMBER 10, 1999

APPLICATION OF

WASHINGTON GAS LIGHT COMPANY

CASE NO. PUE980143

For an annual  
informational filing

ORDER OF DISMISSAL

On March 30, 1998, Washington Gas Light Company ("WGL" or "Company") submitted its Annual Informational Filing ("AIF") for the test year ended December 31, 1997. The Staff of the State Corporation Commission conducted a review and investigation of the AIF and filed its report on September 25, 1998. On December 21, 1998, the Company filed comments on certain findings and recommendations contained in the Staff's report. WGL did not request a hearing on the report.

The report found that on a fully adjusted basis, the Company earned a return on equity of 11.83% during the test year, which fell within its authorized range of return on equity of 11.0 - 12.0%. The Staff concluded that, at this point, no "further action concerning WGL's current return on equity range is warranted." The Staff did recommend, however, that on a going-forward basis the Company be directed to notify the Staff whenever it sought to create a new regulatory asset and to file

an earnings test along with the creation of any such asset or with any AIF or rate relief proceeding so long as any regulatory asset exists.

As noted, WGL filed comments on the Staff's report, taking issue with three recommendations. One was the Staff's recommendation that WGL write-off a small amount associated with a loss on reacquired debt without refunding. In view of the de minimis amount involved, the Company did not ask for a hearing on this issue. The Commission will adopt the Staff's recommendation in this instance, but WGL may contest the issue in future filings.

The Company agreed with the Staff's recommended treatment of its cost of debt and the write-off of a regulatory asset associated with OPEB. The Commission adopts these recommendations also.

The Staff rejected a payroll adjustment proposed by the Company. The Commission finds it appropriate to adopt Staff's position under the circumstances of this case, but will allow WGL to present evidence on this issue in future proceedings.

Finally, with regard to the recommendation of the Staff regarding the notification and filing of information associated with regulatory assets cited above, the Company takes exception to the requirement "to the extent it would require the Company

to file an earnings test to establish regulatory assets related to losses on reacquired debt refunded with long-term debt."

On this issue, the Company's point is well taken. In Case No. PUE970328, we exempted such assets from the earnings test filing requirements. We will modify the Staff's recommendation accordingly. The Company will not be required to file earnings tests associated with regulatory assets for losses on reacquired debt refunded with long-term debt. The Company is cautioned, however, to maintain documentation to verify that the reacquired debt has been so refunded and that such refunding has resulted in cost savings.

NOW THE COMMISSION, in consideration of the Staff's report and the comments thereon, accepts the recommendations contained in the report as modified herein and, there being nothing further to come before us, DISMISSES this matter.